



FUNDAMENTAL EQUITY

OLDMUTUAL

INVESTMENT GROUP

INSTITUTIONAL INVESTORS

INVESTMENT DESCRIPTION

This is an actively managed South African general equity portfolio that aims to outperform the benchmark with less volatility. We invest in companies that are attractively priced, experiencing tail-winds to their growth prospects and have excellent long-term prospects. We invest for the long term, consciously allocating our risk budget and actively incorporating environmental, social and governance considerations.

PRODUCT FEATURES

Table with 2 columns: Feature Name and Description. Rows include: INVESTMENT APPROACH, ESG, A SMOOTHER RIDE, and STABLE, DIVERSE AND EXPERIENCED TEAM.

MEET THE TEAM

Siboniso Nxumalo, Neelash Hansjee and Arthur Karas are responsible for the Fundamental Equity offering.



SIBONISO NXUMALO
Boutique Head

BCom (Hons), MBA
16 years experience



NEELASH HANSJEE
Portfolio Manager

BCom (Hons), CA (SA)
14 years experience



ARTHUR KARAS
Portfolio Manager

BCom, CFA
28 years experience

WHAT WE BELIEVE ABOUT INVESTING

Our investment philosophy captures both the theme (environment) and price (valuation) in a two-dimensional approach. Every investment decision takes place using this structured, disciplined and measurable implementation framework.

We believe in the following:

- **Top-down matters**
Macro-economic and thematic drivers have a crucial influence on the outlook of an asset class or a share. A key part of our process is to evaluate the impact of these top-down drivers.
- **Valuation matters**
Fundamental valuation drives long-term asset prices.
- **Long term perspective**
It is critical to look at the long-term, as this enables us to contextualise the current short-term movements.

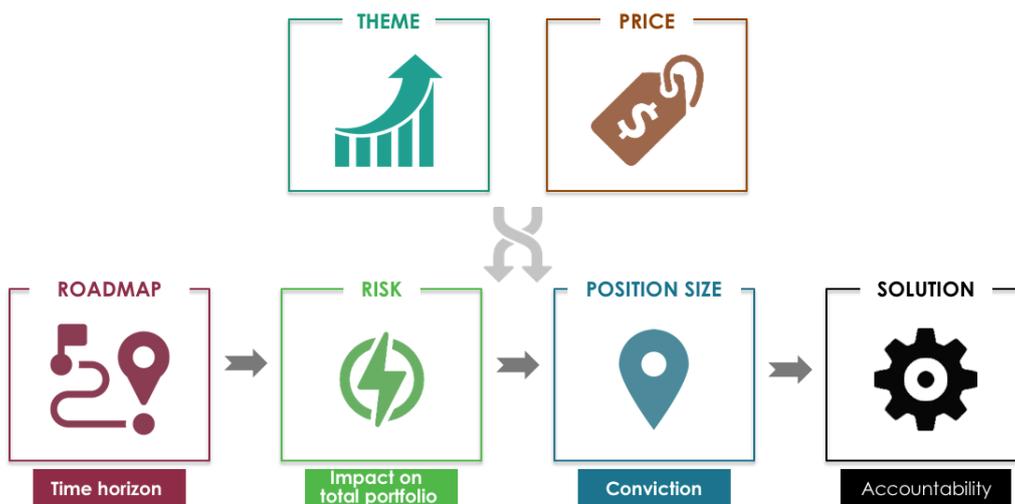


WHAT IS A THEME?

- A **material driver** in the environment that we believe will (or will continue) to have an impact on the asset price.
- It must have **extent** (size) or **duration** (long-term) and be **investable**.
- It has direction: the environment is either **improving** or **deteriorating** (tailwinds or headwinds).
- To determine a theme, we use our customised tools, historic performance databases and macroeconomic data. For example, when analysing a sector, we use Porter's model: evaluating competitors, suppliers, barriers to entry in the sector/industry, regulation and capital allocation.
- A theme in the equity space can be macro, industry, company specific or ESG driven.
- Themes are not based on economic forecasts.

HOW WE MANAGE THIS STRATEGY

Every investment is evaluated based on the following process::



1. Theme & Price framework

We consider the valuation of the opportunity relative to the market (price) as well as the macroeconomic and thematic drivers which will have a crucial influence on the outlook of the opportunity (theme).

Theme

We break themes into 4 broad categories:

- Macro: currency, growth, commodity prices etc
- Industry: Porters 5 forces, capital allocation cycle
- Company specific: management changes, corporate action, unique drivers
- ESG: quantifying impact and determining the effect on a share price, reflected in the position size

Price

We believe that fundamental valuation drives long term asset prices. By using rigorous research and analysis we calculate the valuation of an investment.

2. Roadmap

Our roadmap sets out our expectations about the future path of the investment and how a particular theme will play out. We document aspects such as the expected duration and nature of the investment.

3. Risk consideration

If a share is trading cheaply, valuation alone would suggest that we either “buy some” or “buy lots”. By evaluating the theme, we can avoid value traps. If the cheap share is subject to a deteriorating theme then we would only “buy some” of it. And only if we believe it is subject to an improving theme and the price is cheap, would we “buy lots”.

Comprehensive risk measurement is conducted within the team and independently.

4. Position size

Our theme and price framework allows us to capture our conviction of an investment opportunity with confidence. Our conviction infers our position size. We continually cross check that our investment ideas make sense in a changing environment.

5. Implementation

Our team based approach ensures that there is strength in the diverse input that goes into our investment decisions. The above process results in a well-diversified equity portfolio based on our best investment view.

CONTACT DETAILS

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